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CITY OF BERKELEY

PERFORMANCE MANAGEMENT SYSTEM

A Method for Improving Organizational Performance,  
Planning and Decision-making

City Manager's Office - September 1982



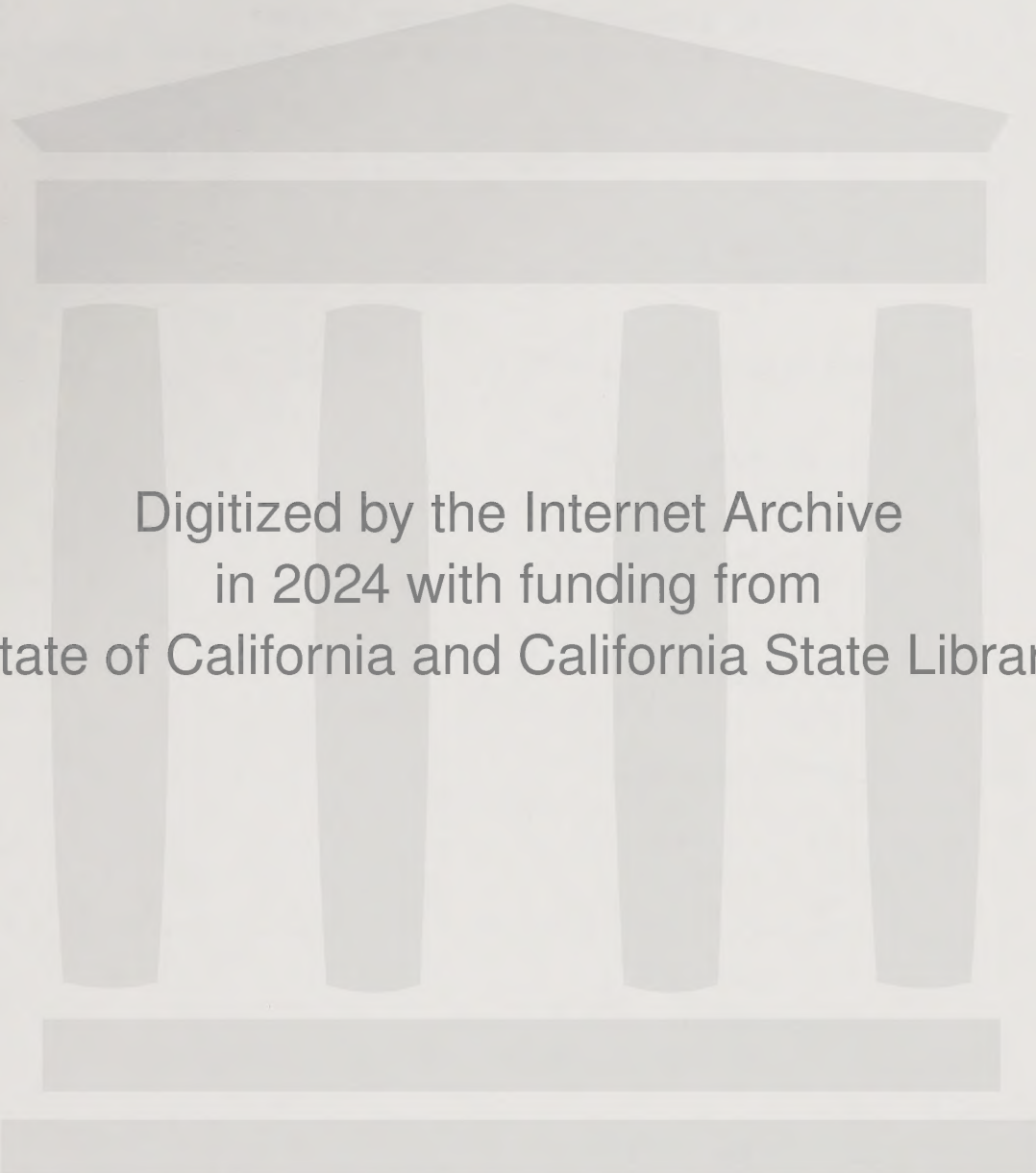




# PERFORMANCE MANAGEMENT SYSTEM

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## SECTION I

### WHAT IS THE PERFORMANCE MANAGEMENT SYSTEM?

#### SUMMARY

The City of Berkeley **Performance Management System (PMS)** is a method for improving organizational performance, planning and decision-making by providing an ongoing system of objective setting, monitoring and evaluation of City services. Linked into the traditional budget-making process, this system is meant to focus activity on achieving positive, tangible results, reflected in terms of efficient performance that controls costs and effective performance that achieves the right results.

PMS provides department, division and activity managers with a vehicle for tracking the progress of departments in achieving program goals and objectives, identifying impediments to progress, and determining appropriate remedial action.

While the Performance Management System is primarily geared toward generating and packaging program performance information for the development and review of the annual budget, components of the system will be helpful to organization managers on all levels in monitoring and modifying program activity during the course of the fiscal year.

In a summary, using the Performance Management System will increase the manager's ability to:

- 0 Translate City policy into program;
- 0 Select reasonable yearly program objectives and work plans;
- 0 Devise budgets which reflect the program needs;
- 0 Develop action plans to meet program objectives;
- 0 Monitor the ongoing performance of programs meeting program objectives;
- 0 Evaluate the program's effectiveness in achieving desired outcomes or effects.



THE PERFORMANCE MANAGEMENT SYSTEM  
AND THE BUDGETARY PROCESS

**How does the Performance Management System supplement the budgetary process?** The basic idea behind traditional budgeting is that budgetary requests are made in a line-item form which focuses on categories of expenditures, like supplies, maintenance and personnel. By itself, line-item budgeting does not provide the data required to assess program efficiency or effectiveness in achieving a desired result.

The Performance Management System helps the City Manager and Departmental Managers make informed resource allocation recommendations by providing a complete data base, including program objectives and progress tracking information.

The Program Management System is a total management tool that has several distinct advantages over traditional line-item budgeting because it:

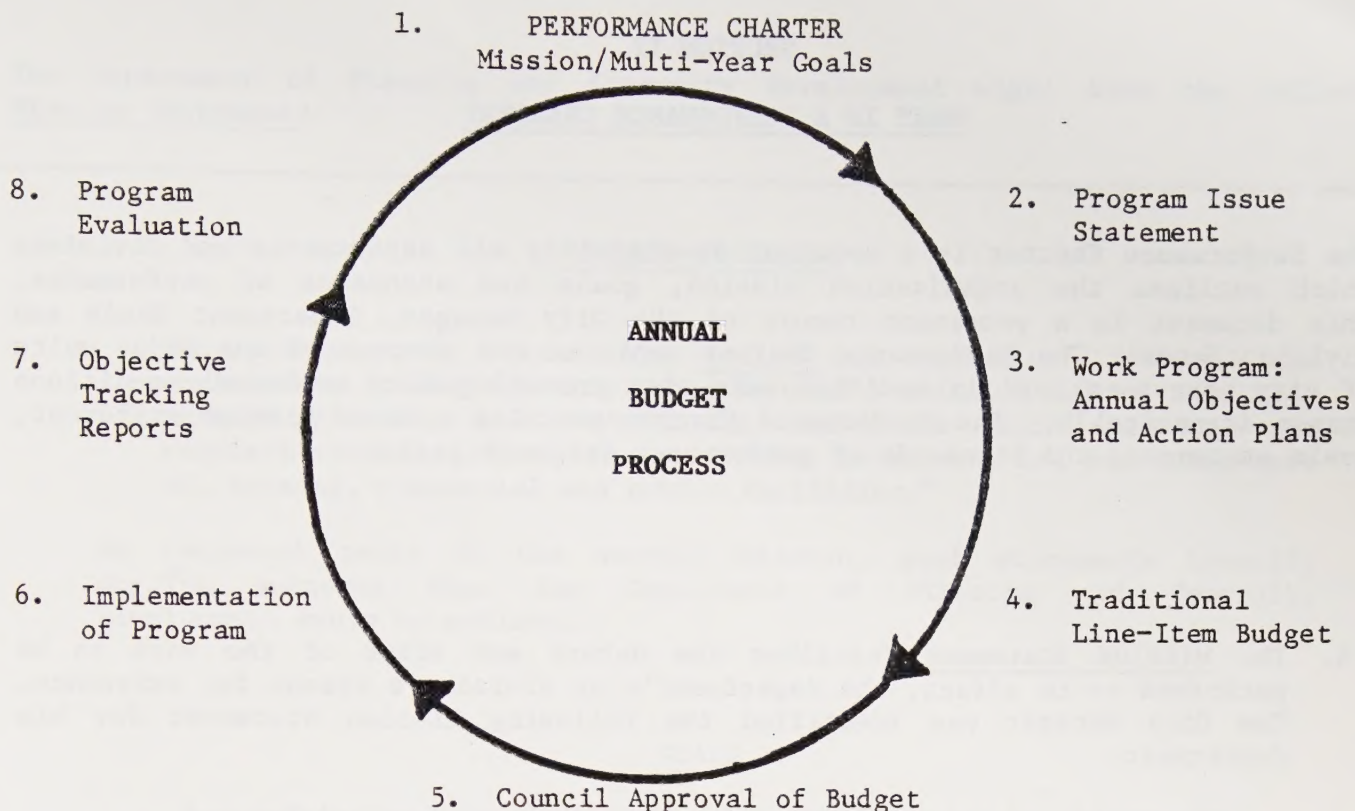
- o focuses on the long-term view of why the organization exists, where it is heading, and where it should be heading with its limited resources;
- o specifies what should be done, when it should be done, who is responsible for doing it;
- o stresses "results achieved" rather than dollars spent;
- o fosters wide-spread and regular employee participation in the mission/goals/objectives-setting processes;
- o promotes coordination of intra-organizational units by specifying the relationship between departments and sub-units;
- o encourages internal evaluation through regular monitoring and assessment of program performance.

A diagram on the next page summarizes the major elements of the Performance Management System.

In the PMS, a departmental work program is developed simultaneously with a line-item budget for the coming fiscal year. In that way, manager's have a formal opportunity to choose, and present their case for pursuing, particular program objectives given projected fiscal or regulatory constraints.

As proposed work programs and budgets move up through the levels of government--from activity level to division level to department level to the City Manager's office--the documents are modified and refined by department managers. The department work program and budget which finally reach the City Manager reflect service priorities and realistic objectives and work load projections for the coming year.





1. PERFORMANCE CHARTER - Based on current conditions and an evaluation of the previous year's program performance, the mission and goals of the department are reviewed and modified by department and division managers.
2. PROGRAM ISSUES STATEMENT - From the vantage point of the department and division level, the priority issues or problem areas which prevent the goals from being achieved are outlined; measures to address these problems are recommended as key objectives in the work program.
3. WORK PROGRAM - Based on established goals and projected fiscal constraints, annual objectives, target dates and/or performance measures are set by activity, division and department heads. Action plans are developed for the complex objectives which list steps, responsible parties and completion dates.
4. ANNUAL BUDGET - Costs of specific components of program are delineated.
5. COUNCIL APPROVAL - Following discussion, review and modification, complete City budget is approved by City Council.
6. IMPLEMENTATION - Adopted work programs--objectives, target dates and/or performance measures--are put into effect by respective governmental units.
7. OBJECTIVE TRACKING REPORT - Quarterly management review, on each organizational level, evaluates program and budget performance.
8. PROGRAM EVALUATION - Past program performance is evaluated based upon ability to meet previously established goals, objectives and action plans.



## SECTION II

### WHAT IS A PERFORMANCE CHARTER?

The Performance Charter is a document developed by all departments and divisions which outlines the organization mission, goals and standards of performance. This document is a permanent record of the City Manager, Department Heads and Division Heads. The Performance Charter explains the purpose of the major units of city government and is modified only when council policy or fiscal conditions change dramatically. The Performance Charter contains a broad mission statement, goals statements and standards of performance for each goal.

- A. The MISSION Statement describes the nature and scope of the work to be performed -- in effect, the department's or division's reason for existence. The City Manager has identified the following Mission Statement for his department.

"To build and maintain, through sound management principles and community participation, an effective City government organization; to insure the effective delivery of services which are directed toward improving the quality of life for Berkeley residents; to provide management direction and support for the planning, implementation and evaluation of all City programs; and to insure coordination and consistency in implementing policies and programs approved by the City Council."

- B. GOAL Statements identify ongoing outcomes that the work of the department or division is directed toward achieving. Goal statements reflect the desire to maintain or enhance the quality of a given condition. The Goal statements expand on the mission or reason for existence by further explaining how the mission will be achieved over the years and who will be the beneficiary of service.

Examples of goal statements are shown on the following page.



The Department of Planning and Community Development might have the following Mission Statement:

#### MISSION STATEMENT

"To protect and improve the quality of community life and the environment while promoting the growth of a suitable mix of land uses through planning and coordinating activities which encourage and regulate responsible public and private investment in, and management of, housing, commercial and public facilities."

As component parts of the overall Mission, **goal statements** identify ongoing outcomes that the Department of Planning and Community Development wants to achieve.

#### GOALS

1. Effectively administer, manage and monitor all activities as required by the City Charter, codes, ordinances and policies established by the City Manager in the areas of planning and community development by organizing and directing department staff so that personal talents and resources are enhanced and utilized toward successful achievement of department goals and completion of department work program.  
**(Office of the Assistant City Manager)**
2. Effectively perform administrative functions and support services in areas of budget and fiscal management, financial operations, audits, contract compliance, personnel management, materials, supplies, services and facilities acquisition, control and disposition, and other projects and activities assigned or delegated.  
**(Administrative Services)**
3. Improve the quality of the physical, social and economic environment through the development, evaluation, modification and implementation of policies, programs and procedures utilized to guide public decision-making on the use, maintenance and improvement of public and private land, physical structures and transportation systems.  
**(Planning Division)**
4. Improve the City's housing conditions by creating and implementing programs which stimulate and manage the development and maintenance of affordable housing. **(Housing Operations)**
5. Promote quality building construction and maintenance, effectively administer the permit application process and enforce all local, state and federal housing and building code provisions to ensure compliance with applicable regulations. **(Codes, Inspection and Zoning Division)**



- C. PERFORMANCE Standards are the criteria used by departments to determine whether or not a goal is being achieved. City staff may be doing a lot of work (outputs), but they often do not know whether the end results desired (outcomes) are actually occurring or about to occur.

Many times it is difficult to ascertain if goals are being achieved. Why?

Goals emphasize the promotion of particular quality in the environment. Indicators of quality are often not established for a field of service. In addition, the cost of collecting appropriate data to determine achievement may be higher than the benefit of knowledge gained through a performance assessment.

There are, however, inexpensive and relevant standards that can be used to indicate whether progress is being made in achieving a goal.

The Performance Management System utilizes two general types of performance standards:

1. indicators of outcome effectiveness, including quality of service delivery.
2. procedures and documents that have to be in effect or completed in order to successfully operate a program directed toward achieving a goal.

#### Example of Performance Standards

Goal: To improve the health of pregnant women and new mothers in high risk populations by providing direct care, risk assessment, health education and counseling services.

#### Performance Standards

1. Improvement in standard health indicators following provision of service (indicators of outcome effectiveness)
2. Available and affordable care (indicators of quality of service)
3. Up-to-date outreach strategy (procedure)

Methods for collecting performance standard data related to outcome effectiveness include user surveys and professional observation. Examples of procedures and documents applicable as performance standards are: Up-to-date rules and regulations, affirmative action plans, work programs, and service delivery procedures.



## THE STEPS IN DEVELOPING PERFORMANCE CHARTERS

Performance charters are developed at the department and division level. In writing and refining mission and goal statements, managers should refer to the Performance Charter at the level of organization immediately above them for direction.

1. The City Manager establishes goals for each of the departments in the City. The City Manager's goal for a particular department becomes that department's Mission Statement.

### CITY MANAGER

Goal



### DEPARTMENT LEVEL

Mission Statement

Goals

2. In turn, department managers establish goals for each of their divisions. Those department goals become the Mission Statements in the Division Performance Charters. Division managers then develop goal statements for each of the activity levels within their divisions.

### DEPARTMENT LEVEL

Mission Statement

Goals



### DIVISION LEVEL

Mission Statements

Goals



### SECTION III

#### PROGRAM ISSUES STATEMENT

Following department managers' yearly review of their Performance Charters, managers will be expected to develop a set of Program Issue Statements. A Program Issue Statement is a brief report which identifies and analyzes major obstacles which prevent the department from achieving desired goals.

The format for the Program Issues Statement is shown below:

#### **PROGRAM ISSUES STATEMENT**

Name of Activity  
Name of Division  
Name of Department

<b><u>The Problem</u></b>	A brief statement identifying (1) the problem or obstacle, and (2) the goal that is being impeded.
<b><u>Discussion:</u></b>	The discussion section outlines the scope and background of the problem, references related documents and recalls key dates and previous attempts to rectify the problem.
<b><u>Analysis:</u></b>	The analysis section breaks down the problems into component parts--who, what, when, where, and why--and/or describes the factors working in favor of and against positive resolution.
<b><u>Options:</u></b>	The options section lists alternative remedial measures and their respective costs and benefits, both direct and indirect.
<b><u>Recommendation:</u></b>	A proposed remedial action is presented in this section. It includes a general outline of the steps that would be required to implement the recommendation. (The promotion of this recommendation should appear as one of the key objectives in the draft work program of the initiating organizational unit.) The recommendation should present a solution based on fiscal realities.
<b><u>Rationale:</u></b>	This section briefly argues the higher merits of the selected alternative.

Program Issue Statements, like Annual Work Programs (description to follow in next section), are initially prepared by activity level managers. The statements are refined and modified as they move up through the departmental review process.

The Program Issue Statement is a vehicle for recommending a reordering of program priorities and redirection of program resources in light of new constraints or opportunities.



## SECTION IV

### WORK PROGRAMS

The **Work Program** is a planning document that specifies the objectives which a department expects to accomplish during the coming fiscal year.

**Work Programs** are developed first by **Activity Level Managers** for their own unit and are refined as they move up through the organization review process (See outline on Page 12).

Objectives are quantifiable outputs (e.g. units of service, reports, or other products) attainable within the fiscal year. Objectives, by definition, are directed toward achieving a goal specified in the Performance Charter.

In the **Performance Management System** there are two general types of objectives:

Maintenance Objectives identify routine, ongoing assignments and the desired products (quantifiable) resulting from those assignments.

Key Objectives identify new initiatives undertaken by the department, division or activity to improve service delivery, operating procedures or communication. (The promotion options recommended in the Program Issue Statements falls under this category of objective.)

The Work Program also:

- briefly describes the function of the projects and activities for which objectives have been developed;
- identifies the staff position(s) responsible for completing the objective;
- indicates whether an Action Plan is needed to plan (step-by-step) how a particular objectives will be achieved;
- specifies quantifiable performance measures which reflect successful completion of the objectives or work load associated with completing the objective.

"Work Programs" continues on the next page."

**For example,** the Budget Unit within the City Manager's Department has the responsibility of monitoring the fiscal activity of the entire City and might show the following objective in its Work Program:

No.	Key or Maintenance Objectives	Responsible Party	Action Plan	Performance Measure and/or Target Date Proposed FY 82-83
7	Identify methods of reducing FY 83-84 Projected discretionary budget deficit by 2.6 million	Sr. Financial Management Analyst	Yes	o Action Plan due by 2nd Quarter Assessment Meeting. o Report to Manager 3/1/83

The Budget Unit's seventh objective for 1982-83 -- identifying ways to reduce deficit in discretionary budget -- will be completed by March 1, 1983 with a report to the City Manager. The Senior Financial Management Analyst will be responsible for the completion of an Action Plan that details the steps needed in putting this report together. This staff person is also responsible for making sure the report gets to the City Manager by 3/1/83.

**A portion of a sample Work Program is presented on the next page.**



WORK PROGRAM FY 1982-83  
Economic Development Activity  
Office of the Assistant City Manager  
Department of Planning and Community Development

Description: Responsible for promoting public policy in private sector or joint-venture development; facilitating administrative and public review of major commercial development projects, assisting innovative and small business development projects in securing investment capital, and proposing long-range economic development options and plans for the commercial districts.

No.	Key/Maintenance Objective	Responsible Party	Action Plan	Performance Measure and/or Target Date Proposed FY 1982-83
1.	Assist Redevelopment Agency in planning for and creating a Redevelopment Area in Southwest Berkeley.	o Economic Development Planner o Redevelopment Agency Analyst	Yes	o Action Plan by 1st Quarter Assessment o Completion and approval of <u>Preliminary Plan</u> December 15 o Completion and submittal of <u>Redevelopment Plan</u> , Section 33352 Report, and Preliminary EIR to Agency. July 1, 1983
2.	Prepare report on options and recommended plan for development of South Berkeley (Ashby) BART station.	o Economic Development Planner o Redevelopment Agency Analyst	Yes	o Action Plan by 2nd Quarter Assessment o <u>Interim Reports</u> to Council Committee on Economic Development o <u>Final Report</u> to Council. July 30, 1983
3.	Assist CDBG Projects Monitor in evaluating contract performance of South Berkeley LDC	o Economic Development Planner	No	o <u>Monthly reviews</u> of LDC reports o <u>Comprehensive assessment</u> January 15
4.	Assist Black Repertory Group in formulating financial package for building development.	o Economic Development Planner o Revolving Loan Analyst	No	o <u>Report</u> on financial packaging plan to City Manager November 1
5.	Administer Revolving Loan Program	o Business Loan Analyst	No	o Approval of <u>10 loans</u> and/or depletion of <u>initial \$500,000</u> of EDA RLF monies by July 31, 1983
6.	Etc.			

## THE STEPS IN DEVELOPING A WORK PROGRAM\*

### Step 1

Activity Level Manager (e.g. Seniors Activity within Seniors, Youth and Recreation Division within Department of Health and Human Services):

- develops Work Program which includes objectives and other required information for all projects within activity.
- submits Work Program to Division Level Manager

### Step 2

Division Level Manager:

- collects activity level Work Programs
- reviews and revises Work Programs through discussion with activity level managers
- combines all Work Programs into one packet, including administrative objectives for Division manager's office
- submits Division Work Program to Department Manager

### Step 3

Department Manager:

- collects Division Level Work Programs
- reviews and revises Work Programs through discussions with Division Managers
- combines all Division Work Programs into one packet, including administrative objectives for Department Manager's office
- submits Department Work Program to City Manager

### Step 4

City Manager:

- collects Work Programs for all departments
- reviews and revises Work Programs through discussions with Department Managers
- combines all Department Work Programs into City-wide Work Program
- submits Work Program to City Council for review

\*The submission of the Work Program is done simultaneously with the submission of the organizational unit's budget.



## ACTION PLANS

Some objectives--those which are complex, multi-staged and/or include participation from other divisions or departments--may require action plans. An Action Plan is a step-by-step outline of actions needed to achieve a specific objective by when (or how often the specified action is anticipated) and by whom it will be accomplished. The preparation of action plans should be encouraged by managers whenever new projects or complicated tasks are undertaken by staff. **Action Plans are due at the Quarterly Assessment Conference before work on the objective actually begins.**

The format used in the Action plan sample on Page 14 should be followed.

## PERFORMANCE MEASURES

Performance Measures or target dates for product completion are the basis for progress in (1) achieving program objectives, and (2) completing workload associated with achieving those objectives.

(Performance Measures are different from Performance Standards. Standards assess whether program activities are actually achieving desired results (outcome). Measures monitor whether and how much of a designated program activity or service is being performed (output).)

## CRITERIA FOR SELECTING PERFORMANCE MEASURES

The questions "Why are we here?" (Mission) and "What are we aiming for?" (Goals) are answered in the Performance Charter.

In the Work Program, the question "How will we achieve our goals? is answered by the selection of specific, quantifiable objectives. Performance Measures answer the questions:

- o "How much do we anticipate accomplishing in the current fiscal year?" and
- o "By when will certain objectives be achieved."

Performance Measure should be:

- (1) measurable (e.g. number of units service provided, number of clients assisted, and number of loans made).
- (2) cost effective (the benefits of the knowledge gained is worth the cost of calculation).
- (3) accepted as legitimate indicators of performance by the City Manager, Department Head and Division Manager

ACTION PLAN  
Economic Development Activity  
Office of the Assistant City Manager  
Department of Planning and Community Development

Objective #1: Assist Redevelopment Agency in planning for and creating a Redevelopment Area in Southwest Berkeley.

Action	By When or How Often	Position Responsible	Explanation and/or Detail; Incl. Other Depts. Involved.
1. Review reports prepared by graduate interns, South Berkeley Crime Task Force and other recent documents related to Southwest Berkeley Redevelopment.	Oct. 15	Economic Development Planner	Compile all background material, set up files and prepare a cast of players portfolio.
2. Meet with Local Development Corporation and Task Force representatives to discuss their goals and present City action plan for comment.	Oct. 30	Economic Development Planner	Meet individually with leadership and interested persons.
3. Submit background report to Council Committee on Economic Development.	Nov. 15	o Ass't C.M. for Plng & Com. Dev. o Econ. Dev. Planner	Report will summarize all recent, related activity and proposed planning process.
4. Recommend to Redevelopment Agency that it designate a survey area for boundary and business inventory study	Nov. 27	o City Manager Ass't CM for P&CD o Econ. Dev. Planner	Repeat presentation given to Council Economic Dev. Committee
5. Subject report and recommendation to Redevelopment Agency to adopt specific survey area for further study.	Dec. 15	o City Manager o Ass't CM for P&CD o Econ. Dev. Planner	
6. Hire consultant to prepare Redevelopment Plan and related documents.	Jan. 15	o Ass't CM for o Community Development	Work with Contracts Compliance Officer
7. etc.			



## SECTION V

### ANNUAL BUDGET

A problem we are constantly faced with is how to best utilize our limited resources. The **Performance Management System (PMS)** stresses the allocation of resources based on results achieved rather than dollars spent. Instead of looking primarily at variances of line items from one year to another, budget recommendations will focus on what it will actually cost to accomplish an objective. For example, the recommended funding level for street resurfacing will be based on how many miles of streets can be resurfaced with a certain dollar amount rather than how much was spent the prior year.

The PMS fully integrates the City's annual budget process with that of developing service delivery objectives. Annual work programs are prepared in conjunction with the department budget request. The second quarter assessment conference in January (see Section VI) provides a mid-year review of progress made in accomplishing work program objectives for the current year. This conference is also the forum in which departments make their upcoming year's budget and work program recommendations.

**The Budget Process calendar of events on the next page illustrates how the PMS is folded into the Annual Budget Process .**

Referring to the calendar, budget instructions and department allocation figures will be distributed to departments at the end of November of each year. Upcoming budget years will be no different from the recent past in that the amount of revenue we receive may be insufficient to maintain the prior year's level of service. Therefore, two allocation figures will be provided to departments: one based on maintenance of service and the second based on anticipated revenues. The latter figure will be expressed as a percentage reduction from the maintenance of service budget.

**How can a work program be prepared given so many funding uncertainties?**

- (a) The Work Program is developed on the basis of a maintenance of service budget. This will be the primary work program included in the department budget request.
- (b) A Program Issue Statement will discuss implications on the work program of the reduced allocation alternative. This statement will be attached to the work program budget document and will reflect the impact of reduced funding levels on the work program.
- (c) Department heads will also have the opportunity to request supplemental funds to initiate new activities that cannot be accommodated within maintenance of service budget. These activities are reflected as new key objectives in a separate section of the work program.

**Explicit instructions for preparing the annual work program and budget will be provided to departments by the City Manager each November.**

**BUDGET PROCESS  
CALENDAR OF EVENTS**

	<u>Date</u>
1. Work Program and Budget Instructions to departments	November 30
Alternative allocation figures to departments	
(a) Based on maintaining prior year level of service	
(b) Based on anticipated revenue (reduction or increase of Maintenance of Service Budget)	
2. Departments prepare Work Programs and Budget Requests for coming FY	December 1 - January 15
3. Department Quarterly Assessment Conference with City Manager (quarter ending 12/31/82)	January 15 - February 15
Review of department Budget Requests and Work Programs for coming fiscal year	
4. Based on updated fiscal data and the selection of priority objectives, the City Manager and Department Heads revise Department Budget Requests and finalize Work Programs	February 15 - March 15
5. City Manager drafts Proposed Budget document	March 15 - May 1
6. City Manager Presents Proposed City Budget and Work Program to City Council.	May 1 - June 30,
Council reviews documents and makes modifications. Department Work Programs are changed to reflect Council adjustments.	
7. Managers select objectives to be tracked	July 15
8. Departments implement Work Programs	July 1 - June 30
9. Quarterly Assessment Conferences	October 15 January 15 April 15 July 15



## SECTION VI

### OBJECTIVE TRACKING

At the end of each quarter, the City Manager, department and division heads will hold conferences for the purpose of tracking progress in achieving work program objectives. Prior to the quarterly assessment, department, division and activity heads will submit the following documents to their immediate supervisors for review (see Report Format, Appendix B):

- o **Cover Sheet**
- o **Objective Tracking Report**
- o **Exception Report**
- o **Policy Issues**
- o **Council Agenda Items**

- (1) The Cover Sheet, submitted for every quarterly assessment, notes whether the Objective Tracking Report, Exception Report, Policy Issues Report and Council Agenda Items Report have been completed.
- (2) The Objective Tracking Report lists designated objectives for the fiscal year and updates Managers on progress toward achievement. Are the objectives moving on schedule? Any objectives that are not on schedule are discussed in further detail in the Exception Report.
- (3) The Exception Report is completed as part of the Objective Tracking Report when objectives are not proceeding on schedule or have otherwise been modified. The objectives in question along with reasons for delay change and proposed remedial action is noted.
- (4) The Policy Issues Report identifies major obstacles, issues or opportunities that have arisen during the year which:
  - o May prevent the Department or Division from achieving its Performance Charter Goals.
  - o May require a significant change in the Work Program.
  - o May require Council Action.
  - o May require significant activity by another department not previously anticipated.

The identified issue should be discussed briefly in an attached report using the same format as the Program Issue Report (Section III).

(5)

Council Agenda Items Report. Should the Policy Issue require Council action notation of the item should be made in the Agenda Items report along with an expected submission date for a complete report to Council. The complete report should follow the format outlined in Administrative Regulation 1.20.

Routine items that are expected to require Council action during the quarter following the assessment conference should also be noted in the Council Agenda Items Report.

Quarterly Objective Tracking Reports are due in the City Manager's office at least three (3) working days prior to the conference. Five (5) copies are required. Departmental Managers are encouraged to follow similar procedures in reviewing internal objective tracking reports.

A step-by-step process for preparing the Objective Tracking Report package for the City Manager's review is outlined on the following page.



## THE STEPS IN PREPARING AN OBJECTIVE TRACKING REPORT

(Sample Quarter: First Quarter ends September 30)

1. City Manager sends memo to Department Heads  
outlining schedule of Department Assessment  
Conferences for this quarter Objective Tracking  
Reports are due three days before conference with City Manager. September 15
2. Activity Level Manager: October 1 - 4
  - o completes Objective Tracking Report  
for her/his activity
  - o submits report to Division Manager
3. Division Level Manager: October 5 - 8
  - o reviews activity level reports
  - o holds assessment conference(s) with  
activity level managers
  - o determines remedial measures as required
  - o revises reports as needed\*
  - o submits division level report to  
Department Manager
4. Department Manager: October 9 - 12
  - o reviews division level reports
  - o holds assessment conference(s) with  
activity level managers
  - o determines remedial measures as required
  - o revises reports as needed\*
  - o submits department level report to City Manager
5. City Manager: October 13 - 20
  - o reviews department level reports
  - o hold assessment conferences with department heads
  - o determines remedial measures as required
  - o coordinates interdepartmental activity as needed  
in light of department reports.

### \*Revision of Objective Tracking Reports:

Activity, Division, and Department Managers may track, at their discretion, all Work Program or specific objectives. The City Manager will identify to the Department Head those objectives in the Department Work Program she/he wishes to track.

## SECTION VII

### IMPLEMENTATION

There are several important ingredients to making the Performance Management System work successfully:

1. TOP MANAGEMENT UNDERSTANDING AND SUPPORT. Above all, departmental managers must want to see the system as more than a paper process, but as a potentially effective method for making better managerial decisions. The commitment at the top---in terms of time, talent and resources---must be forthcoming or the exercise will result only in a drain of organizational resources.
2. HONEST COMMUNICATION AND FEEDBACK. Open and continuous "input" and "feedback" from line personnel and supervisors are essential in developing realistic goals, objectives, action plans, performance measures, and effective evaluation procedures to monitor organizational performance in meeting established goals and objectives.
3. WILLINGNESS AND CAPABILITY TO CHANGE. The Performance Management System is certain to face strong resistance if managers' attitudes, work habits and procedures are set-in-concrete. Ultimately, the system will affect more than the budget process. It will also:
  - o facilitate organizational problem-solving;
  - o initiate structural reform;
  - o promote self-evaluation, role flexibility and self-motivation;
  - o improve interpersonal relationships;
  - o encourage human development activities.

These areas all profoundly influence the manager-worker relationship; decision making power is likely to be extended through the ranks as the system becomes integrated into the work-ways of the organization.

4. DECENTRALIZATION AND SELF-MANAGEMENT. PMS is designed to direct attention regularly, at every level in the government, to the questions:
  - o Why are we here?
  - o Who are we serving?
  - o What are we doing right now?
  - o When, where and how is it being done, and by whom?
  - o How much is being accomplished?
  - o How can we accomplish more?

Periodic review of these questions on all levels, will provide employees with more discretion in making choices about their work and will generate alternatives for doing the job better.



## SECTION VIII

### GLOSSARY OF TERMS

**Action Plan** - A step-by-step outline of actions needed to achieve a specific objective, by when (or how often the actions are performed) and by whom. The preparation of action plans should be encouraged by managers whenever new projects or complicated tasks are undertaken by staff.

**Annual Work Program** - An outline of the program objectives and, when necessary, methods for achievement (action plan). The work program is developed with the Performance Charter as a guide and with fiscal conditions suggesting reasonable parameters of activity. The work programs of activities and divisions compose the work program of the department.

**Budget** - Annual work program expressed in dollars.

**Council Agenda Items Report** - Sheet submitted quarterly to City Manager by departments noting routine items and major policy issues that will or may require Council action over the coming three months.

**Cover Sheet** - A submittal sheet for quarterly objective tracking reports which notes the inclusion of other related documents.

**Exception Report** - Sheet submitted quarterly to the City Manager (along with Objective Tracking Report) which explains why specific objectives are not being completed according to schedule; includes remedial measures.

**Goals** - An ongoing outcome that the activities of the department or division are directed toward achieving. A goal is more specific than a mission statement, but its achievement is not time specific.

For example: To promote fire-safe conditions within all building structures.

**Mission** - A statement which captures the broad purpose and function of the organizational level.

For example: "To protect the physical well-being and property of Berkeley residents (purpose) by providing fire prevention services (function)."

**Objectives** - Quantifiable outputs (or products), attainable within a fiscal year which are and directed toward achieving a specified goal.

For example: "To construct 14 units of low-to-moderate family income housing."  
(The goal may be "to improve housing conditions.....")

**Objective Tracking Report** - Quarterly review of annual work program.

**Performance Charter** - A document developed by each department and division which outlines that organization level's mission, goals and standards of performance.

**Performance Management System** - A method for improving organizational performance, planning and decision-making through the yearly review of program goals, the establishment of quantifiable service objectives and the regular monitoring of activity.

**Performance Measure** - The basis for monitoring and evaluating progress in (1) achieving program objectives, and (2) completing workload associated with achieving those objectives.

**Performance Standards** - The indicators used to determine whether a specific goal is actually being accomplished. Performance Standards can include both (1) key documents or procedures which need to be in place in order to achieve a goal and; (2) indicators of outcome (impact) effectiveness.

**Policy Issues Report** - Sheet submitted quarterly (along with the Objective Tracking Report) which identifies major issues that affect the achievement of program goals and which may require Council action.

**Program Evaluation** - Program performance is assessed based upon ability to meet established goals, objectives and action plans.

**Program Issues Statement** - A document developed at the beginning of budget season (November - December) that identifies constraints in achieving a particular Performance Charter goal.



Responsible Party - Identifies position or group accountable for completing particular assignment; used in completion of work programs and action plans.

Target Date - Projected date for completing a particular assignment or objective.

Work Program - (See Annual Work Program.)





APPENDIX

WHO IS RESPONSIBLE FOR PREPARING THE COMPONENTS OF  
THE PERFORMANCE MANAGEMENT SYSTEM

Performance Charters	_____	Departments Divisions
Program Issue Statements	_____	Departments Divisions Activities
Work Programs	_____	Departments Divisions Activities
Annual Budget	_____	Departments
Objective Tracking Reports	_____	Departments Divisions Activities





CITY OF BERKELEY  
ADMINISTRATIVE REGULATIONS

A. R. NUMBER: 2.5

EFFECTIVE DATE: July 1, 1982

SUPERSEDES:

PAGE 1 OF 7 PAGES

SUBJECT: OBJECTIVE TRACKING AND QUARTERLY ASSESSMENT REPORTING

POLICY

It is the policy of the City to track the progress of the departments in achieving budget objectives and objectives agreed upon in the Annual Work Programs by the individual departments and the City Manager, in order to ensure that work proceeds on schedule, that impediments to progress are identified and appropriate remedial action taken, and that policy review and guidance is provided.

This tracking is to be accomplished via quarterly reports to the City Manager and Quarterly Assessment Conferences with the City Manager. Forms for submission are attached and should be filled out in the manner outlined below.

PROCEDURE

1. The status of budget objectives and other objectives agreed upon in the Annual Work Program is to be reported on the Objective Tracking Form.
  - a. List and number the approved budget objectives for the year, and other objectives assigned by the City Manager.
  - b. If there are key milestones which must be reached in order to achieve an objective, list and number these under the objectives and indicate the target date for each, the individual(s) responsible for each, whether work on each is proceeding on schedule or not, and whether there are related policy issues requiring resolution by the City Manager. List milestones in chronological order, according to their due dates.

A key milestone is a procedural step which must be taken, or a work activity which must be completed and/or performance target which must be met in order to achieve an objective. Only milestones which are critical to the achievement of the objective should be listed.

- c. If there are no key milestones to list for an objective because it represents an on-going level of service, or because the milestones are incorporated in the objective, indicate the target date, responsible individuals, progress, and policy issues for the objective itself.





CITY OF BERKELEY  
ADMINISTRATIVE REGULATIONS

A. R. NUMBER: 2.5

EFFECTIVE DATE: July 1, 1982

SUPERSEDES:

PAGE 2 OF 7 PAGES

SUBJECT: OBJECTIVE TRACKING AND QUARTERLY ASSESSMENT REPORTING

2. Submit an Exception Report for each objective or key milestone which is not proceeding on schedule. It is not necessary to use a separate Exception Report form for each exception.
3. Quarterly Assessment Conference Reports should include the following:
  - a. The Objective Tracking and Exception Reports.
  - b. A summary of Policy Issues requiring resolution by the City Manager.
  - c. A list of Council Agenda items for the next quarter with the date of anticipated submittal.

To the extent possible, policy issues should be researched, alternatives reviewed, and a recommendation presented in Council Action Report format, as part of the Assessment Conference Report. It is not necessary to use a separate Policy Issues or Council Agenda Item form for each issue or item. Assessment Conference Reports are due in the City Manager's Office at least three (3) working days prior to the Conference. Please submit five (5) copies [copies will go to - Budget Unit, Deputy City Manager, Special Assistant for Agenda, Special Assistant, and City Manager].

5. Any special reports, charts, schedules, etc., which relate directly to the material presented as part of the Assessment Conference Report should be attached.
6. Please use the cover sheet for all reports.

Attachments (5)





## REPORTING ENTITY:

DEPARTMENT/DIVISION/ACTIVITY: Economic Development (Office of the Assistant City Manager)RESPONSIBLE MANAGER: Jim DoeTITLE: Economic Development CoordinatorDEPARTMENT: Assistant City Manager for Planning & Community DevelopmentDIRECTOR: Jane SmithDATE OF REPORT: January 2

QUARTERLY REPORTING PERIOD ENDING

December 31, 19 82

ASSESSMENT CONFERENCE

January 8, 19 83

## CONTENTS:

☒ OBJECTIVE TRACKING REPORT☒ EXCEPTION REPORTS☒ POLICY ISSUES☒ COUNCIL AGENDA ITEMS☒ OTHER (SPECIFY) Revised Action Plan for Objective #9





# OBJECTIVE TRACKING REPORT

DEPARTMENT: Planning & Community Development  
 DIVISION/ACTIVITY: Economic Development (Office of Assistant City Manager)  
 RESPONSIBLE MANAGER: Jim Doe

QUARTERLY REPORTING PERIOD ENDING

December 31, 1982

ASSESSMENT CONFERENCE

January 8, 1983

OBJ. NO.	KEY OBJECTIVE	RESPONSIBLE PARTY	TARGET DATE OR PERF. MEASURE	ON SCHEDULE	NO.*
1.	Assist Redevelopment Agency in creating Project Area in Southwest Berkeley	Economic Development Planner	Prelim. Plan Approval Dec 15 1982	Yes	*
5.	Administer Revolving Loan Program	Business Loan Analyst	Approval of 10 and/or depletion of initial \$500,000 loan pool	Yes	
9.	Develop economic development component for West Berkeley Redevelopment Area	Econ Dev Planner, Redevelop Agency Analyst	Report to Council Comm on Econ Dev March 1983	No	
16.	Coordinate planning effort for establishing alternative energy enterprise	Econ Dev Planner	Plan complete by March 1, '83		
	<u>Key Milestone</u> CDBG Proposal/Application Submitted to Planning by February 1			Yes	

\* See Exception Report



## EXCEPTION REPORT

DEPARTMENT: Planning & Community Development  
DIVISION/ACTIVITY: Economic Development  
RESPONSIBLE MANAGER: Jim Doe

QUARTERLY REPORTING PERIOD ENDING

December 31, 1982

ASSESSMENT CONFERENCE

January 8,     , 1983

## OBJECTIVE NUMBER

## EXPLANATION OF EXCEPTION AND PROPOSED REMEDIAL ACTION

9

Redevelopment Agency has directed the City Manager to establish an Ad Hoc Committee to work with staff to prepare an economic development component to the Redevelopment Plan. This step was not originally envisioned in the Action plan for this objective. In early December, the Committee was convened by staff. Since then it has revised the Action Plan for this objective. The Action Plan was approved by the Assistant City Manager (see attachment). It includes a revised target date for the completion of the report by June 1, 1983. No other problems or contingencies for completing this objective are seen at this time.





# POLICY ISSUES

DEPARTMENT: Department of Planning & Community Development

DIVISION/ACTIVITY: Economic Development (Office of the Assistant City Manager)

RESPONSIBLE MANAGER: Jim Doe

ASSESSMENT CONFERENCE  
January 8, , 19 83

RELATED OBJECTIVES(S) NUMBER(S)	ISSUE	COUNCIL ACTION REPORT
<p>Objective #1</p> <p>Southwest Berkeley Redevelopment Area Planning</p>	<p>Although no requirement for establishing a project area advisory committee exists in Redevelopment Law when a Redevelopment Plan does <u>not</u> call for the elimination of housing units, the City Council may wish to establish an advisory committee because of the significance of this project to the community.</p> <p>January 20 report will recommend establishment of a citizens' review committee to advise staff.</p>	<p>Yes,</p> <p>January 10 to City Manager</p>





# COUNCIL AGENDA ITEMS

DEPARTMENT: Planning & Community Development  
 DIVISION/ACTIVITY: Economic Development (Office of the Assistant City Manager)  
 RESPONSIBLE MANAGER: Jim Doe

ASSESSMENT CONFERENCE  
January 8, , 1983

## AGENDA ITEM

## SUBMISSION DATE

1. Revolving Loan Status Report (Action)
2. Energy Business Report (Information)
3. Ashby/BARTD Station Development Planning (Information)
4. Redevelopment Area Planning (Information)
5. Adeline/Alcatraz BARTD Property Purchase (Action)
6. Adeline/Alcatraz UDAG (Action)

January 30

February 15

February 24

February 24

March 15

March 30





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